

1 allocation policy changed. What change was made then?

2 A The allocation of sales account representative
3 expense was directed 100 percent to the station they were
4 selling for.

5 Q Who made the decision to implement that policy?

6 A I assume the owners.

7 Q You do not know personally?

8 A No.

9 Q How was it communicated to you?

10 A In the meetings of budget in late 1996 that
11 effective January 1, 1997, the sales account executives
12 should be expensed 100 percent to the station that they sold
13 it for.

14 Q Was it Mr. Watson or Mr. Adelman that communicated
15 that to you?

16 A Yes. I don't know which one, but one of the two
17 would have.

18 Q Would you look at Mass Media Bureau Exhibit No.
19 96, which is Mr. Turner or Mr. Goldbock, also known as Mr.
20 Turner?

21 A I have it. Yes.

22 Q If you look at page 7, this reflects that on
23 November 27, 1995, Mr. Turner was made the assistant program
24 director. Was that for both stations?

25 A Yes, it was.

1 Q So he was the assistant program director for both
2 stations for a period of time?

3 A Yes.

4 Q Would that be until he became the program director
5 of WRBR? If you look at page 10 --

6 A There was a brief period of time when he was the
7 interim program director of both radio stations.

8 I had a resignation of my program director at
9 WBYT, this Phil Britten. Until I could hire a replacement,
10 which was I think six weeks later, about that period of time
11 when Mr. Britten was replaced, Joe Turner was interim PD of
12 both radio stations.

13 Q And he was in addition at one point the assistant
14 program director for both stations?

15 A That is correct.

16 Q If you would look Mass Media Bureau Exhibit 110,
17 which maybe we looked at before? It is in Volume 4. These
18 are minutes of Hicks Broadcasting of Indiana.

19 A I'm sorry. What exhibit?

20 Q It is 110, I believe. No. I am wrong. I
21 apologize. I believe it is 101.

22 A That is not minutes either.

23 Q 100.

24 A 100? Is that what it is?

25 Q It is 100, Mass Media Bureau Exhibit No. 100. It

1 is in Volume 3. If you would look at page 3, which are
2 minutes for a meeting that was held on December 23, 1996?
3 Have you ever seen these minutes before, Mr. Kline?

4 A Not until recently with counsel.

5 Q Did you attend that meeting?

6 A I did.

7 Q Was that the first meeting of Hicks Broadcasting
8 that you had attended?

9 A I believe it was the first meeting that I
10 attended.

11 Q Do you have any knowledge as to why you had never
12 attended one before?

13 A No.

14 Q Now if you would look at page 10 of the exhibit,
15 which are minutes of a meeting of Hicks Broadcasting of
16 Indiana held on August 20, 1997? Again, have you seen these
17 minutes before?

18 A Only recently with counsel.

19 Q Do you recall attending that meeting?

20 A Yes.

21 Q Now if you will look on page 10 --

22 A I'm sorry. The meeting of August 20, Exhibit 10?

23 Q Page 10.

24 A Page 10.

25 Q It is Exhibit 110. Exhibit 100.

1 A Exhibit 100.

2 Q Page 10.

3 A Yes, I did attend that meeting.

4 Q If you look down at the bottom of the page, the
5 three bullet paragraphs, the first paragraph says, "There
6 was considerable discussion regarding the age of accounts
7 receivable. Bob Watson presented a growing showing..." --

8 JUDGE CHACHKIN: There is no need to read the
9 paragraph.

10 MR. BOYCE: Okay.

11 BY MR. BOYCE:

12 Q Would you read and familiarize yourself with that
13 paragraph, Mr. Kline?

14 (Pause.)

15 A Yes.

16 Q This paragraph indicates that there was a problem
17 of delinquent account receivables. Had that been a problem
18 for a long time at WRBR?

19 A I wouldn't describe it as a problem. I would
20 describe delinquent accounts as being higher than average,
21 and that's more the nature of the format than anything else.

22 Q Had that been a problem for awhile?

23 A Yes.

24 Q It did not just come up before this meeting?

25 A Right.

1 MR. GUZMAN: Objection. I think that
2 mischaracterizes his testimony. He testified that he would
3 not characterize it as a problem.

4 JUDGE CHACHKIN: Well, he testified.

5 BY MR. BOYCE:

6 Q Could you clarify that? Was it a problem?

7 A It was a concern. It was one of our priorities.
8 It was something that we had to address. We do that all the
9 time regardless of the percentage of aged receivables.

10 It was not a new problem. I mean, aged
11 receivables are aged. It takes awhile. It was a problem or
12 a concern that we were aware of. I did not initiate this
13 conversation. The board did.

14 Q Now, it indicates here that Mr. Watson presented a
15 graph comparing the receivables of WRBR with those of other
16 Federated Media radio stations. Do you recall that?

17 A Yes. Yes.

18 Q Let me first establish what is Federated Media?

19 A Federated Media is the radio stations that are
20 owned by Pathfinder. It is radio stations in Fort Wayne,
21 radio stations in South Bend, WBYT.

22 That graph is a normal monthly activity of
23 business that I still get today. It shows receivable
24 percentages for all the divisions, including those radio
25 stations in Fort Wayne. The purpose of that graph is to put

1 peer pressure on each general manager to lower that point on
2 the graph where you are. That's just a normal monthly
3 activity of keeping track of receivables.

4 Q Based on your experience in broadcasting, is it a
5 normal practice for one licensee to provide information
6 concerning its accounts receivable to another licensee?

7 A In the case of a common general manager, I would
8 think it would be, yes.

9 Q Are you aware of any circumstance where that
10 happened?

11 A No.

12 Q Now, in the last bullet paragraph on this page it
13 indicates there was a discussion concerning obtaining a
14 vehicle and also obtaining an inflatable bear.

15 A Yes.

16 Q Do you remember that discussion?

17 A Right.

18 Q It indicates that, "Steve and Brad agreed to come
19 up with ideas regarding the inflatable bear and suggested
20 vehicle to Dave Hicks by October 1." Did you do that?

21 A Yes.

22 Q Now, on the next page it indicates that there was
23 some discussions about a van owned by Hicks that was located
24 at a Signpro shop in Grand Rapids. Do you recall that
25 situation? This is on page 11.

1 A I'm not sure at what time I would have been
2 dismissed from this meeting.

3 Q Generally do you recall there being a problem with
4 a Hicks van being at a Signpro shop in Grand Rapids? Do you
5 have any knowledge about that situation?

6 A No.

7 Q Do you know what Signpro is?

8 A Yes.

9 Q What is Signpro?

10 A It is computer generated banners and signs; in our
11 business very important to promotional value of what we do
12 to be able to purchase signage for our events.

13 Signpro is a company that I felt very highly
14 about, and I thought it would have been -- it was good that
15 we had one of those sign shops.

16 Q Do you know who owns Signpro?

17 A Signpro I believe is owned by Pathfinder
18 Communications.

19 Q Now if you would turn to page 20 of Exhibit 100?
20 These are minutes of a meeting of Hicks Broadcasting of
21 Indiana that was held on Thursday, May 28, 1998. Had you
22 seen this document prior to recently?

23 A No.

24 Q Do you recall being at that meeting?

25 A Yes. Yes.

1 Q Now, on page 23, the first non-bullet paragraph,
2 about halfway down the page it indicates that the problem of
3 accounts receivable was raised again.

4 First of all, what prior at least to this meeting
5 were your procedures for collecting aged receivables --

6 A Prior to this?

7 Q -- at WRBR and WBYT?

8 A Prior to the meeting on May 28, 1998?

9 Q Yes.

10 A Most of that is handled through the sales
11 department. The account people, part of their
12 responsibility, in addition to selling and servicing, is to
13 collect, so they would have direct contact with their
14 clients.

15 It's a fine line of attempting to collect a debt,
16 but you always want to sell more, so you want to do both.
17 The first line of collection is the account executive, the
18 salesperson.

19 Q Now, at this meeting did you discuss adopting a
20 different procedure or an additional procedure involving
21 pre-collection letters from a company called TransWorld?

22 A The activity had already started. I merely
23 informed them at this meeting that that's what we were doing
24 to improve our collection rate.

25 Q It then indicates in this same paragraph that you

1 would have a meeting with Bob, I assume Watson, and Tony
2 Adelman to help them formalize their credit and collection
3 procedures, which was scheduled to happen on June 2 of this
4 year. Did that happen?

5 A Yes.

6 Q Is it correct then that you had no formalized
7 method or procedures for credit and collection prior to that
8 time?

9 A No, it's not correct to assume that. We again
10 attempted to collect aged accounts through the sales
11 department. We did then, and we still do.

12 This indication here, this meeting on June 2, was
13 only the bookkeeping department making us fully aware of
14 those aged accounts.

15 Q Is the accounting department now involved in
16 collecting accounts?

17 A It was before and after.

18 Q What is the nature of the accounting department's
19 involvement?

20 A If I authorize collection procedures, and that's
21 not what is described with TransWorld indicated here.
22 There's no legal definition of what this company does with
23 any authority. These are simply pre-collection letters that
24 we would send out through the services of this company.

25 If an account now becomes such a problem, months

1 in collection, I would authorize the accounting department
2 to proceed with formal collection proceedings through a
3 collection agency. That's the last resort. I resist doing
4 that for a long time because their percentage of
5 compensation, the collection agency's, is very high.

6 Q And those procedures were set up pursuant to this
7 June 2 meeting?

8 A Yes. That's an activity that occurred before this
9 June 2 meeting.

10 Q So what was the purpose of the June 2 meeting?

11 A Just to review the collection procedures and what
12 is available to us as general manager and general sales
13 manager and what steps we can initiate for collection.

14 Q Now, as far as at the prior meeting when they
15 asked you to look into the vehicle and the inflatable bear,
16 had you acquired a vehicle by the time of this May 28
17 meeting?

18 A I don't know if we had it yet. It should be.
19 Yes.

20 Q I am not --

21 A It's on page 24. There was some further
22 discussion regarding the new Yukon vehicle. We did have it
23 by the date of this meeting.

24 Q So it was new at that time?

25 A That's right.

1 Q Did you have the inflatable bear?

2 A We're still working on it.

3 Q Still working on it.

4 A What efforts had been made between the August 20,
5 1997? What efforts were made between August 20, 1997, and
6 this May 28 meeting to obtain that inflatable bear?

7 A There is a good company in Ohio that produces
8 those vinyl blow up bears. They have blowers. They're run
9 by electricity, and they blow up. They're 30 foot tall.

10 The problem with the company's product as offered
11 is this. It requires a lot of manpower with stakes and guy
12 wires and special trailers to set that unit up. The easier
13 I can make it to be dispatched, the more it will get used
14 and the more benefit to the radio station.

15 Elkhart County, Indiana, is known as the RV
16 capital of the world. There are trailer makers in Elkhart
17 County that are very skilled. We are designing a unique
18 vehicle. Picture it like this. It's like a jack-in-the-box
19 on wheels. The top opens up, the blower comes on, and this
20 bear comes out of the top of it.

21 I'd like to make a comment to the South Bend
22 Tribune that that is confidential. I don't want my
23 competitors to know about it.

24 Q So the bear is still in the works?

25 A Yes. The problem is getting an opening in the top

1 of that trailer that's waterproof that slides back like a
2 horizontal garage door, if you will, and rolls up, but keeps
3 the water out.

4 JUDGE CHACKIN: What is the next exhibit that you
5 are referring to?

6 MR. BOYCE: 118, which is in Volume 4.

7 BY MR. BOYCE:

8 Q These are bills from Audience Development Group.
9 Have you found them?

10 A Yes.

11 Q With respect to page 1, a bill dated December 1,
12 1995, are your initials on this page?

13 A Yes. The circled initials to the right and mid
14 center.

15 Q What does that indicate?

16 A Authorization to pay this bill.

17 Q If you would look at page 2? Are those also your
18 initials?

19 A That's correct.

20 Q Authorizing payment?

21 A May I explain a codification on page 2, the
22 351:45?

23 Q Yes, you may.

24 A 35 is WRBR. One is programming. 45 would
25 indicate line item expense, Outside Consulting.

1 Q Page 3 apparently does not have your initials that
2 I see. Does that indicate that this one was approved by Mr.
3 Hicks, to your knowledge?

4 A Page 3 is not for either radio station that I
5 manage.

6 Q That is right. Page 4 is the same situation.
7 Your initials appear on this. Is that correct?

8 A That's correct.

9 Q Authorizing payment. Page 5? This has your
10 initials authorizing payment. Is that correct?

11 A That's correct.

12 Q Page 7? That has your initials authorizing
13 payment. Is that correct?

14 A (Non-verbal response.)

15 Q What is the Audience Development Group?

16 A It's a program consulting company based in Grand
17 Rapids, one of their offices, nationally known, been in
18 business for many years.

19 Q What services do they perform for WRBR?

20 A Based on their individuals' experience as previous
21 operators of radio stations, they provide programming
22 advice, consultation primarily, but again because of their
23 previous ownership of radio stations they are aware of other
24 parts of radio operation. They're not just program people.

25 Q When did you begin using this service at WRBR?

1 A In early 1994. At that time in early 1994, as Mr.
2 Hicks was buying his radio station, I felt it was a good
3 idea to do a market format search prior to acquisition what
4 would be a potentially successful format.

5 Remember, at the time it was oldies, and we needed
6 some outside advice. Was it good to stay oldies? Did we
7 consider other formats? That would have occurred sometime
8 in early 1994.

9 Q What advice did they give you at that time?

10 A At that time it was what you've got is good.
11 Oldies is good, and we think if you hire us long-term we can
12 make some advice or make some suggestions to improve on what
13 we had. That's what occurred.

14 Q Did they suggest any possible alternative formats?

15 A Not at that time.

16 MR. BOYCE: Your Honor, I would like to move for
17 the admission of Exhibit 118 except for page 3 and 6, which
18 are the pages that Mr. Kline was not responsible for.

19 JUDGE CHACHKIN: So 1, 2, 4, 5 and 7?

20 MR. BOYCE: At this time, Your Honor.

21 JUDGE CHACHKIN: Pages 1, 2, 4, 5 and 7?

22 MR. BOYCE: Yes, Your Honor.

23 JUDGE CHACHKIN: Any objection?

24 MR. GUZMAN: No, Your Honor.

25 MR. HALL: No, Your Honor.

1 JUDGE CHACHKIN: Your Exhibit 118, pages 1, 2, 4,
2 5 and 7, are received.

3 (The document referred to,
4 having been previously marked
5 for identification as Mass
6 Media Bureau Exhibit No. 118,
7 pages 1, 2, 4, 5 and 7, was
8 received in evidence.)

9 BY MR. BOYCE:

10 Q I would like to show you a letter that is actually
11 Hicks Broadcasting proposed Exhibit No. 20, so it is in the
12 Hicks Broadcasting folder.

13 This is a March 17, 1994, to you from Mr. Dille.
14 Do you recall receiving this letter?

15 A Yes, I do.

16 Q How did you receive it? Was it brought to you or
17 mailed to you?

18 A I believe it was mailed to me. It may have come
19 interoffice. I don't remember.

20 Q Did you discuss it at all with Mr. Dille?

21 A No.

22 Q Do you have an understanding as to why this letter
23 was sent to you in this manner rather than Mr. Dille just
24 telling you?

25 A I think Mr. Dille wanted to make sure there was no

1 question in my mind about how I was to look to him for
2 anything to do with WRBR.

3 Q Now, this letter is dated March 17, 1994, which is
4 prior to the time Hicks Broadcasting acquired the station.

5 Had a decision been made? Does this reflect your
6 recollection as to whether a decision had been made that you
7 would be the general manager of WRBR?

8 A No. I mean, I don't recollect.

9 Q Could it have been prior to April 1 that that
10 decision was made?

11 A No.

12 Q The question is why would Mr. Dille be writing you
13 a letter about WRBR if you were not at that time the general
14 manager of it or expected to be the general manager of it?

15 A Now, at this point -- I guess I don't read the
16 letter that way at all. He's not saying what my involvement
17 is with the radio station. He's saying what his involvement
18 is. I do not want to be involved regardless of who owns it.
19 He knew at this time he was not going to own it.

20 Q But that would be something that would be a
21 concern to the proposed general manager?

22 A Yes, and also to the general manager of the joint
23 sales operation.

24 Q Have you ever had any discussions with Mr. Dille
25 after this letter concerning WRBR?

1 A No. He's been very hands off.

2 Q Any discussion concerning the joint sales
3 arrangements?

4 A We haven't. I think we could, but we haven't, and
5 I believe it's caution on Mr. Dille's part.

6 Q How often do you communicate with Mr. Hicks
7 concerning WRBR starting let's say in 1994? How often did
8 you communicate with him?

9 A There was a flurry of activity in the early days,
10 a flurry in all types of communication. I would quantify it
11 as phone calls and market visits. I would say at that
12 period of time, four or five times per month.

13 Q That he visited or that he --

14 A No, just communicated. There was at that time a
15 weekly report that I made. I still do it today. A weekly
16 report to Mr. Hicks, so that happens four times a month if
17 nothing else happens.

18 Q Is that a scheduled activity like you call him
19 every week at a certain time?

20 A No. I send him a report every week at a certain
21 time. Every Friday. I tell him what we did that week in
22 terms of sales, and I try to have that done by noon on
23 Friday. He expects it. He calls me if it's late.

24 Q Is that concerned only with sales?

25 A That report is, yes. It is figures.

1 Q Who else gets a copy of that report?

2 A I send it directly to Mr. Hicks.

3 Q Where do you get the information that goes in the
4 report?

5 A That would come from the traffic director at the
6 radio station, the person who prepares the -- inserts the
7 orders, prepares the log and does the invoicing, so that
8 person would have the information.

9 Q Who does that person work for?

10 A She's a shared employee between the two radio
11 stations.

12 Q How often do you talk to Mr. Hicks on the phone?

13 A Two or three times a month.

14 Q Are those scheduled?

15 A No. No. Some months it could be more than that
16 and some months less. They're not scheduled.

17 Q Does he call you typically, or do you call him?

18 A Both. Probably 50/50.

19 Q How long are those? Is there a typical length to
20 those?

21 A No. They're casuals. They're not structured.
22 How's business? What's going on? They are not -- they do
23 not follow an agenda.

24 JUDGE CHACHKIN: All right. We will recess until
25 1:30 p.m.

1 (Whereupon, at 12:30 p.m. the hearing was
2 recessed, to reconvene at 1:30 p.m. this same day,
3 Wednesday, October 21, 1998.)
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Whereupon,

STEVE KLINE

having been previously duly sworn, was recalled as a witness herein and was examined and testified further as follows:

BY MR. BOYCE:

Q I am now going to go to Mass Media Bureau Exhibit 110, the real 110, which is in Volume 4. Mr. Kline, are you familiar with this letter?

A Yes.

Q Now, it indicates that Mr. Hicks is asking you how the WRBR rent was arrived at. Do you recall that?

A It's an item of this letter, yes.

Q Did you explain it to him?

A Correct. His request in this letter is how is this number arrived at? We seem to have been given a sizeable increase over last year.

The explanation that I made to Mr. Hicks on this amount of money was for the square feet that we use, that is our share of the total rent bill. I get a single rent bill from the landlord, and I codify it appropriately to each radio station.

1 Q Was it your understanding that Mr. Hicks had not
2 understood prior to that how the rent was set?

3 A Well, I think it is referring to a rent increase
4 that's identified here.

5 Q Were you aware of that rent increase?

6 A Yes.

7 Q What was the cause of that rent increase?

8 A Just the cost of doing business. The rent
9 increase that applied to the tenants on the second floor of
10 237 Edison.

11 Q And that is from the building owner?

12 A That's correct.

13 Q Who owns the building?

14 A FM Properties.

15 Q Who owns FM Properties?

16 A I don't know the shareholders in FM Properties.
17 My contact is, and I don't know his title, but my landlord
18 is Carl Titlman.

19 Q Is that related to Pathfinder in any way?

20 A It does have shareholders, I understand, who are
21 also at Pathfinder.

22 MR. BOYCE: I would like to offer Mass Media
23 Bureau Exhibit 110.

24 JUDGE CHACHKIN: Any objection?

25 MR. GUZMAN: None, Your Honor.

1 MR. HALL: No, Your Honor.

2 JUDGE CHACHKIN: 110 is received.

3 (The document referred to,
4 having been previously marked
5 for identification as Mass
6 Media Bureau Exhibit No. 110,
7 was received in evidence.)

8 BY MR. BOYCE:

9 Q If you would look at Mass Media Bureau Exhibit
10 112, which is in the same Volume 4? Would you look at the
11 first three pages?

12 A Yes. I have that.

13 Q The numbers are on the top of the page. They are
14 upside down. Do you know what this document is?

15 A Now, on my copy this is Path 00179?

16 Q Yes.

17 A I'm looking at page numbers correctly at the
18 bottom right-side up. This is a financial statement for
19 Hicks Broadcasting dated April 30, 1994.

20 Q Do you typically receive these documents?

21 A Yes.

22 Q How often are these financial statements prepared?

23 A Monthly.

24 Q And you receive them monthly?

25 A That's correct.

1 Q What do you do with them?

2 A Well, I review them with the owner. As I'm
3 looking at 1994, we were looking closely at the expense
4 items that are listed on page 3.

5 You'll notice there are column classifications
6 that are not applicable because at this time, April of 1994,
7 there is no budget that had been prepared by Hicks
8 Broadcasting for April, so the column that says This Month
9 Budget and Year To Date Budget, they are blank.

10 That budget had not been established, so it was
11 important in the early days of Hicks Broadcasting that we
12 look at this frequently after I would receive it at the end
13 of the month.

14 Q When was the first budget prepared?

15 A It would have been -- I'm assuming a bit now, but
16 I'm sure that in late 1994, October of 1994, we would have
17 prepared a budget for calendar year 1995.

18 Q Okay. If you would look at I believe it is page
19 6, which is the May 31, 1994, financial statement?

20 A Right.

21 Q This seems to reflect that there is a budget as of
22 that time. Is that --

23 A A monthly budget. A monthly budget as of that
24 time.

25 Q Okay.

1 A This was not good advance planning.

2 Q You did not prepare a budget for the remainder of
3 the year when Hicks Broadcasting became the licensee?

4 A I don't remember if it was done month by month or
5 if it was done for the year.

6 Q Now, you went over the figures, and you discussed
7 them with Mr. Hicks. Is that your testimony?

8 A That's correct.

9 Q Was that in person or by telephone?

10 A It was both.

11 Q How long would those discussions usually last?

12 A I don't know that I can quantify that. Each month
13 it would have been different. If it was a good month in
14 revenue, discussions were probably shorter with Mr. Hicks
15 than in a month where revenue was not as high as I
16 anticipated.

17 Q So there was some discussion each month with Mr.
18 Hicks?

19 A There would have been a reference made to the
20 financial statement, yes.

21 Q Now, if you look at page 6, --

22 A Yes.

23 Q -- it appears about a little over halfway down the
24 page that it reflects a rent expense of \$4,183.

25 A Correct.

1 Q If you go to page 9, which is the June 30, 1994,
2 financial statement, it reflects a rent amount of \$2,653.
3 Is that correct?

4 A That is what the document shows, yes.

5 Q If you go to the July statement, which is page 12,
6 I believe, it reflects a rent expense of \$6,129.

7 A Correct.

8 Q Is that correct?

9 A Yes.

10 Q Can you explain those fluctuations in the amount
11 of the rent?

12 A Without seeing the line items that would make up
13 this summary page of rent expense, which includes more than
14 just a square footage cost, I'm assuming now that it may
15 have had something to do with the preparation and
16 improvements to the structure, anticipating, as I mentioned
17 earlier, moving the radio station to that from an outside
18 location.

19 There may have been improvements that were going
20 on at that time. We had to rebuild sometime after April and
21 during May and June walls and studios. As a tenant, I would
22 have been liable for some of those expenses, so I can't
23 further define it without knowing what --

24 Q So this rent line item may include costs other
25 than the straight rent?

1 A That's correct. Oh, yes.

2 MR. BOYCE: Your Honor, I am finished.

3 JUDGE CHACHKIN: All right. Who is going to start
4 cross-examination?

5 MR. GUZMAN: Your Honor, I will on behalf of
6 Pathfinder.

7 JUDGE CHACHKIN: All right.

8 MR. GUZMAN: If you would give me just a moment,
9 please?

10 JUDGE CHACHKIN: What are you going to do about
11 these exhibits? Do you want to offer them?

12 MR. SHOOK: Your Honor, there are a number of
13 these exhibits that we will also be discussing with Mr.
14 Watson.

15 JUDGE CHACHKIN: All right. I just wanted to make
16 sure.

17 Go ahead.

18 CROSS-EXAMINATION

19 BY MR. GUZMAN:

20 Q Mr. Kline, the programming at WRBR is an important
21 issue in this hearing. Let's start there. Are there
22 overall programming policies and philosophies set for WRBR?

23 A Yes, there are.

24 Q Could you describe those for us, please?

25 A Well, specifically as I've mentioned earlier, it

1 revolves around the morning show, so the policies that are
2 established between myself and the program director and the
3 program consultant and Mr. Hicks would involve the
4 activities that occurred after Mr. Hicks, but prior to the
5 services of the morning show, the Bob and Tom Show. They
6 all would relate as to how they contribute to that showcase
7 vehicle that that program is.

8 Q If you would give us an example of your program
9 philosophy or policy?

10 A Well, in a sentence, we want to provide the best
11 kind of radio for that format to attract the greatest number
12 of listeners to maximize the revenues for the shareholders.
13 It's a product driven business. That is so important. What
14 the radio station is determines its success.

15 Q Now, who participates in the setting of this
16 philosophy?

17 A Mr. Hicks. Today or when?

18 Q Let's take the time period after Mr. Hicks assumed
19 ownership of WRBR.

20 A Mr. Hicks, Tim Moore, who is an employee of
21 Audience Development Group, program consultant, and at that
22 time Bob Henning, the program director, and myself.

23 Q These same people, are they responsible for
24 carrying out these programming philosophies?

25 A Most of that, the actual day to day, the

1 execution, would fall on the program director. After the
2 policies are established and the guidelines are given, the
3 execution would come mainly from the program director.

4 Q Who is ultimately responsible for programming at
5 WRBR?

6 A As general manager, I am with the blessing of the
7 ownership.

8 Q Do you feel like you have that blessing as you sit
9 here today?

10 A Oh, I do. I'm sitting here today. I believe that
11 we have shown that that radio station, that it is a good
12 product which does attract revenue, which does create equity
13 and benefit to the shareholders.

14 Q Has Mr. Hicks ever done anything that would
15 suggest to you that he is not in control of the programming
16 at WRBR?

17 MR. SHOOK: Objection.

18 JUDGE CHACKIN: Sustained.

19 BY MR. GUZMAN:

20 Q Let's take a look at a document. I want to refer
21 you to a document in one of our binders This is the
22 Pathfinder exhibits, Volume 1, Tab 47.

23 MR. SHOOK: Your Honor, if I may, I believe that
24 the document being referred to has already been identified
25 as a Mass Media Bureau exhibit.

1 JUDGE CHACHKIN: What are we looking at?

2 MR. SHOOK: You said No. 47, right, Mr. Guzman?

3 MR. GUZMAN: That is correct.

4 MR. SHOOK: Your Honor, one moment please.

5 JUDGE CHACHKIN: Well, for purposes of asking the
6 question he could use this. He has not offered it. It does
7 not make any difference. If you find it, then we will do it
8 that way. It is the same document.

9 Okay, counsel.

10 BY MR. GUZMAN:

11 Q If you would turn to the second page, which is a
12 memo to file dated March 4, 1994? Take a moment and look at
13 that and tell us if you have ever seen it, please.

14 (Pause.)

15 A Okay.

16 Q Have you ever seen this document?

17 A I don't remember it specifically. I assume that
18 it involves activity that I am to do. I started doing that
19 activity. Then I would be aware of this document.

20 Q Let me refer you to Point 2, which begins, "Steve
21 Kline will be considered..." Do you see that?

22 A Yes.

23 Q The last sentence says, "Steve will, of course,
24 report to Dave Hicks regarding anything to do with WRBR
25 Radio." Who do you consider to be your boss as it relates

1 to WRBR?

2 A David Hicks.

3 Q Since Mr. Hicks assumed ownership in 1994, has
4 that perspective ever changed?

5 A No.

6 Q Let me call your attention to Point 3. Do you see
7 that?

8 A I do.

9 Q Did you in fact receive a memo from John Dille
10 stating that he would not have anything to do with WRBR?

11 A I did, and that was an exhibit this morning.

12 Q Let's take a look at that. That is in this same
13 notebook, Pathfinder Exhibit No. 45.

14 We have discussed this memo already, but let me
15 call your attention to a couple of points that we did not
16 discuss. First in the address portion of it, to whom is it
17 addressed?

18 A To Steve Kline, General Manager, WLTA Radio.

19 Q And you were in fact the general manager of WLTA
20 at that time? Is that right?

21 A That's correct.

22 Q You were also the general manager for Radio One, I
23 believe?

24 A The selling. Yes, I was.

25 Q But as of March 17, 1994, you were not, if I have

1 understood you, the general manager of WRBR? Is that
2 correct?

3 A That is correct.

4 Q What was your reaction when you received this
5 memo?

6 A Again referring to the nature of Mr. Dille, just a
7 formal, written, don't ask because I won't become involved
8 in the operation of WRBR. It's an emphatic, clear, simple
9 statement.

10 Q Has Mr. Dille ever done anything, in your
11 experience, that is inconsistent with this representation?

12 A He has not.

13 Q In fact, is it not the case that you have actually
14 observed Mr. Dille trying to avoid contact with certain WRBR
15 employees in an effort to honor this commitment?

16 A He does.

17 Q You have an employee, Joe Turner. Is that right?

18 A Right.

19 Q Did Joe Turner ever come to you at one point and
20 voice a complaint about Mr. Dille?

21 A He did.

22 Q Describe that for us, please.

23 A This occurred in early 1996 at the same time that
24 we were changing the format at WRBR. We put Bob and Tom on
25 the air, and we changed the music. Joe was the program

1 director at the time, and he was quite proud of his
2 accomplishment, executing the policies that had been
3 described to him earlier about this is what we want to do
4 with this radio station.

5 It, as we expected, had an immediate buzz in the
6 community. People were talking about it, and people were
7 complimenting Joe. It was noticeable by default, a lack of
8 comment by Mr. Dille. Joe asked me. He said does he
9 dislike me? I said no, Joe, he doesn't dislike you, but you
10 have to realize in John's mind it's inappropriate to the
11 extent of complimenting you on what you're doing at that
12 radio station.

13 MR. SHOOK: Your Honor, I object to testimony
14 about what Mr. Dille might have been thinking of as
15 inappropriate. I do not understand how this witness can
16 testify to that.

17 MR. GUZMAN: Your Honor, that is not what the
18 witness testified to.

19 JUDGE CHACHKIN: Well, I will overrule the
20 objection.

21 BY MR. GUZMAN:

22 Q Go on, sir.

23 A Well, the question was, I believe, did Joe Turner
24 ask me if there was a problem with Mr. Dille, and my
25 explanation in this testimony is something to appease Joe

1 that Mr. Dille, no, is not unhappy with you, but as
2 instructed by this letter he wants nothing to do with WRBR.

3 Perhaps at this time, because there was a lot of
4 excitement about WRBR and the new show and the new music --
5 I mean, everybody was complimenting Joe. People from B100
6 were complimenting Joe. Because it was not coming from
7 John, Joe simply wondered does John dislike me?

8 Q So you explained to Joe that although you did not
9 know what Mr. Dille was thinking, --

10 A Sure.

11 Q -- you believed that it was not anything personal
12 and probably was just a manifestation of his commitment that
13 he had made to you?

14 A Exactly.

15 Q Now, you testified earlier that you became the
16 general manager of WRBR in April, 1994, and at that point
17 you were then the general manager of two stations for two
18 owners.

19 When you assumed those responsibilities, did you
20 feel the need to set up any policies or practices to insure
21 that your two duties could be kept separate?

22 A We did not have a formal definition of duties.
23 The duties were similar at both radio stations. They were
24 motivated and driven by two different masters. One was
25 primarily a female -- at that time with WLTA, a female

1 audience, and at that time in the early days the oldies
2 station attracted a different demographic.

3 My duties were similar, but defined by the target
4 that we were trying to establish. We did different
5 promotions. We did different television spots. That was
6 more a formatic reason than anything else.

7 Q Perhaps we are not communicating very well. If
8 there were a lawyer put in a position of representing two
9 different clients, there might be an ethics wall or some
10 formal policies put up so as to keep the lawyer's knowledge
11 of both matters separate. Did you do anything like that?

12 A Well, yes, but that is a case where a group of
13 people who work for one radio station would be very
14 competitive in what they do with any other radio station,
15 even if it were another radio station owned by the same
16 people. The policies that occurred in the program
17 department at WLTA were not discussed at WRBR and vice
18 versa.

19 JUDGE CHACHKIN: Was there any policy setting up
20 this wall which was communicated to the employees of the
21 station or the stations?

22 THE WITNESS: Only to the degree that there was a
23 policy set up that those things that occurred for the
24 benefit of WRBR were not discussed with WBYT. Those things
25 that were to benefit WBYT were not discussed with WRBR, the

1 exception being in those days the joint sales agreement,
2 which had one sales staff, and it shared a lot about the
3 benefits of the radio station to the client. Those program
4 items were unique to each radio station. They were not
5 shared and discussed with the other radio station.

6 On-air talent for WRBR did not attend a general
7 meeting of on-air talent for the address. I mean, we did
8 not have any collective meetings of talent for both radio
9 stations. We would have program department meetings at
10 WRBR, and on another day at another time we would have
11 program department meetings at WLTA.

12 JUDGE CHACHKIN: Was there anything in writing
13 which was communicated to the staff of both stations?

14 THE WITNESS: No.

15 JUDGE CHACHKIN: How was it communicated?

16 THE WITNESS: They weren't invited to the
17 meetings. They were just -- these activities were isolated
18 to themselves.

19 If we had a program meeting to discuss a promotion
20 for WRBR, the oldies station, the people that would attend
21 that would be the talent that's on the air for WRBR, by
22 invitation, the program director, myself, if it was a sales
23 driven promotion, the general sales manager. The people at
24 WLTA would not be invited, nor would they even be aware of
25 the meeting.

1 JUDGE CHACHKIN: You are talking about on-air
2 staff? Is that what you are talking about?

3 THE WITNESS: Yes, on-air staff.

4 JUDGE CHACHKIN: That is it? Anybody else not
5 invited to the meeting?

6 THE WITNESS: I'm sorry. I don't understand.

7 JUDGE CHACHKIN: Well, you mentioned on-air staff
8 somehow was excluded from certain meetings. Apparently
9 there was nothing preventing one member of the staff of one
10 station communicating with another member of the staff of
11 one station what happened at any of these meetings. There
12 was nothing in writing --

13 THE WITNESS: No.

14 JUDGE CHACHKIN: -- precluding this?

15 THE WITNESS: But they would not be invited to the
16 meeting. They wouldn't be there period. It wasn't a matter
17 of excluding certain people. It was a matter of inviting
18 certain people.

19 If it was a WRBR promotion or event, then the
20 people that would be invited to that would be the program
21 director, the on-air talent if it was going to be a remote
22 broadcast, the sales manager if it were something that
23 required his input. If it was going to be a sales promotion
24 and they were going to put a special package together, it
25 would involve the sales department.

1 JUDGE CHACHKIN: Of both stations?

2 THE WITNESS: Yes, at that time. Right. Of both
3 stations.

4 JUDGE CHACHKIN: Go ahead, counsel.

5 BY MR. GUZMAN:

6 Q Mr. Kline, you were the general manager of two
7 stations with two different formats. Did you feel like it
8 was a difficult balancing act or somehow incompatible for
9 you to be able to do that dual function?

10 A No, because they were dissimilar formats.

11 Q Could you elaborate on that, please?

12 A They were in 1994 an oldies format that was owned
13 by Mr. Hicks and a light AC format that was owned by
14 Pathfinder, two very distinct audiences, very little overlap
15 in demographic, of target audience, very little shared cue
16 between those two.

17 If you were to follow the progression over the
18 next four years, I have never been put in a position where I
19 had divided loyalties because of the dissimilarity of the
20 formats. Now, I think I would have a problem if one format
21 was classic rock and the other format was active rock, and I
22 believe it would be difficult to make the distinction
23 between the activities that I did for one. Why didn't I do
24 it for the other one?

25 The activities for these two radio stations in

1 1994 and today are totally different with different audience
2 groups. Do you want me to elaborate?

3 Q That is fine. Thank you.

4 Do you believe that the two owners of the two
5 stations that you manage have allowed you in good faith to
6 perform your dual role?

7 A Yes, I do.

8 Q Has Mr. Dille, in your experience, ever pressured
9 you or put you in an awkward position relative to what you
10 were trying to do at WRBR?

11 A No.

12 Q Let's continue with some questions about
13 programming about WRBR. We have talked a little bit about
14 Tim Moore already. I have forgotten. When did you say he
15 was hired to work for WRBR?

16 A Early 1994. At that time, the anticipated
17 ownership, Mr. Hicks, engaged the services on a one time
18 project I believe at that time to invite Mr. Moore to the
19 market as a consultant to identify we've got this radio
20 station or hope to. What can we do with it? That activity
21 would have been sometime in February or March of 1994.

22 Q Let me refer you to a document in our binder.
23 This is Pathfinder Exhibit 37.

24 A Yes. I have it.

25 Q There are several pages of documents here, four to